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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000712

SIPDIS

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TAGS: PREL ECIN ELTN PBTS SOCI TU AM

SUBJECT: ON THE TURKEY-ARMENIA BORDER: IS THE RAILWAY
REALLY READY TO GO?

Classified By: Classified by Ambassador Marie L. Yovanovitch. Reasons 1
.4(b & d).

¶1. (C) SUMMARY. The Ambassador and EXBS Advisor toured the Akhurian Train station near the Turkish border, where Armenian railway officials claimed that they are ready to begin rail traffic as soon as the border opens and procedures are established. Our assessment, however, is that much work would need to be done on the Armenian side before significant cargo and passenger traffic could begin. The prevailing view of NGO representatives and others in Shirak Marz, northwestern Armenia, is that the open border would be very positive for the marz - a catalyst to revive a failing economy. A few expressed concerns that new Turkish competition would drive Armenian merchants out of business.
END SUMMARY.

CIVIL SOCIETY MOSTLY READY, BUT SOME NERVOUS

¶2. (C) At a roundtable of NGO leaders and press in Gyumri, the capital city of Shirak Marz, all present told the Ambassador that they wanted the Turkey-Armenia border to open up, although some expressed reservations. One NGO representative qualified his answer by stating that Armenia is not ready yet, and that the open border could be destructive to the economy, while a journalist commented that ordinary people would not benefit -- only the wealthy oligarchs. A recent poll, another journalist said, showed 50-55 percent of respondents in the marz supporting an open border, with 20-25 percent opposed. The Ambassador shared her positive outlook by stating that some companies might fail and some individuals might lose their jobs, but the overall outcome would be economic growth and there would be new opportunities in a growing economy.

¶3. (C) The Director of Gala TV said that every reasonable person agrees that open borders are better. He said that those who worry that the flood of Turkish goods will ruin Armenian businesses do not understand economics. He believes one of the roles the media should play is to educate and inform the public on these issues. He stated that for the past 2-3 months, his station has been airing programs, interviews, and debates on the Turkey-Armenia border topic.

RAILWAY COMPANY READY AND WAITING FOR SIGNING

¶4. (C) During an on-site tour of the Akhurian 1 Railway Station, located 3km east of the Turkish border, the Ambassador discussed the possible border opening with officials of the South Caucasus Railway Company (SCRC), a wholly owned subsidiary of the Russian Railways Public Company since 2008. Although the railway has been idle since 1993, the official expressed confidence that trains could begin rolling as soon as border procedures and protocols were

ironed out. While the company will not undertake refurbishments until a border agreement is signed (vice ratified), some checks and track maintenance have already been done. The tracks were inspected in August 2008 when rumors began circulating that President Gul might travel by rail to the September 6, 2008 Turkey-Armenia World Cup qualifying match in Yerevan.

¶ 15. (C) The tracks running throughout Armenia are of a wider gauge than those in use in Turkey, which are the narrow size used throughout Europe. A narrow set of tracks crosses the actual border and follows the three kilometers to the Akhurian Station, where the narrow tracks meet the wider tracks. As in the past, Armenian officials assume passengers would have to change cars, and cargo would have to be lifted onto new cars by cranes. One of the station's two large cranes needs to be refurbished, the other replaced, according to the SCRC officials.

¶ 16. (C) The GOAM Ministry of Transportation has already started the application process for membership in the International Organization for International Carriage by Rail (OTIF), headquartered in Bern, the Ambassador was told. The OTIF governs rail traffic throughout Europe, and Armenia would need to become a member to engage in rail interchange with Turkey. Once this is complete and the border is open, SCRC officials assert that traffic could begin to flow. They said they would work with the Turks on procedures and technology once the border opens. They claim to have enough cars to begin transporting goods and passengers. They would need to expand in ensuing years, but categorically denied

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rumors that the SCRC is buying railcars from Poland. They claimed that by 2015 they could be transporting 350,000 to 600,000 tons of cargo per year -- not only goods destined for Armenia, but some going to Russia and Azerbaijan as well.

COMMENT

¶ 17. (C) We noted that the railway company claimed it would go forward with a preliminary renovation of station infrastructure and tracks after the border agreement signing, but before a potentially lengthy and uncertain ratification process. Our visit gave us the impression that there is much more work to be done than railway officials would admit. EXBS Advisor noted, for example, that the two cranes in place appeared beyond salvageable, and assessed that installation of new lifting equipment would be a lengthy and costly project. Additionally, the customs warehouse has been scavenged for every viable part and is not ready to handle freight. The main access road to the station -- a single-lane, unimproved gravel road -- would need to be widened and paved in order to handle the expected traffic flow of a working rail station. It was unclear who would fund this investment and how much time these refurbishments would require.

¶ 18. (C) We will be meeting with railway and government officials in coming weeks to get a more precise assessment of infrastructure, training, and other requirements necessary to establish a fully functioning rail crossing, and separate road crossings. In order to provide WMD controls at the Armenian side of the rail crossing, Embassy would require EXBS funding for an estimated additional \$250,000 worth of border monitoring equipment, including radiation portal monitors, hand-held radiation identifiers, radiation pagers, computer and communications hardware, and inspection equipment and tools. We would expect at least two road crossings to open as well as the rail crossing. Any road crossings would require a similar or higher investment in monitoring equipment. The funding for any crossings along the Turkish-Armenian border is presently not in the EXBS

Yerevan program budget. Absent a special supplemental appropriation, these equipment donations could require up to a year before funds could be made available. END COMMENT.

YOVANOVITCH